(a) whether Government propose to merge Industrial Finance Corporation of India Ltd. (IFCI) with State Bank of India and Life Insurance Corporation of India keeping in view the financial crisis in IFCI;

(b) if so, the details thereof; and

(c) if not, the steps being taken by Government to ensure job-security of the staff of IFCI?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE AND COMPANY AFFAIRS (SHRI ANANDRAO VITHOBA ADSUL): (a) No, Sir.

(b) and (c) Does not arise.

Collection of tax on services

2714. SHRIMATI AMBIKA SONI: Will the Minister of FINANCE AND COMPANY AFFAIRS be pleased to state:

(a) whether States will not get the power for collecting tax on services with introduction of VAT on April 1, 2003;

(b) if so, what are the main reasons for the same;

(c) whether States have objected to this issue; and

(d) if so, by when final decision in this regard is likely to be taken?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE AND COMPANY AFFAIRS (SHRI ANANDRAO VITHOBA ADSUL): (a) to (d) The States have taken a unanimous decision to replace their existing sales tax systems with a Value Added Tax (VAT) System from 1st April, 2003. In this context, also to widen their tax base, the States have suggested that they should be enabled to collect tax on services. In the Conference of Chief Ministers convened by the then Union Finance Minister on 5th July, 2001, it was decided, *inter-alia*, that while the issue of levy of VAT on services would need to be studied further, this need not be a precondition for introduction of VAT. Accordingly, appropriate action in this regard has been initiated by the Central Government.